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RUEHME/AMEMBASSY MEXICO 1877
RUEHMN/AMEMBASSY MONTEVIDEO 4156
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SUBJECT: LOWER HOUSE APPROVES FRAMEWORK FOR LAND REFORM

REF: LA PAZ 2600

¶1. (SBU) Summary: The framework of the Morales administration's controversial bill to modify the 1996 agrarian reform (INRA) law (reftel) was approved by the lower house on November 7, after a week-long march by several hundred indigenous people in the eastern lowlands. The chamber of deputies must now approve each article of the bill before passing it to the senate. The conflictive bill is opposed by cattle ranchers in the East, who worry that the bill could create legal uncertainty over land title, which could lead to disinvestment, diminished production, and violent conflicts. The bill is supported by social groups and NGOs who believe that land reform is needed to resolve social conflict, produce a more equitable distribution of scarce resources, and rectify past injustices, such as large tracts of land given unfairly to political cronies. End summary.

Indigenous March for Land Reform

¶2. (SBU) The Morales administration presented a bill to congress in September to modify the 1996 National Agrarian Reform (INRA) law, in line with campaign promises to implement an "agrarian revolution", and mobilized marches in October to pressure congress to pass the bill (reftel). The GOB has already redistributed some state-held lands, but has taken little action thus far to revert privately-held lands to the state. The press reported on November 1 that around 300 indigenous people from the eastern lowlands had begun a march to La Paz, demanding congressional approval of the reform bill and expropriation of lands that did not fulfill an economic or social function. The march was projected to last for 45 days, but ended on November 7 in Ypacani, Santa Cruz after the lower house of congress approved the framework for land reform. Opposition leaders claim that the government staged the march in order to pressure congress.

Lower House Approves Land Reform Framework

13. (SBU) According to press reports, the chamber of deputies approved the framework for land reform on November 7 but must now approve the details before passing the bill to the senate. Opposition Senator Walter Guiteras told the press that 30 of the bill's 42 articles had been agreed upon by the lower house. The framework agreement was approved after agricultural producers from the eastern lowlands abandoned the negotiations between the executive, legislature, and social groups prior to the vote, complaining that the reforms would not provide legal security to the productive sector.

Cattle Ranchers Opposed to Reforms

14. (SBU) In a meeting on October 31, members of the cattle ranchers association of the Beni (Fegabeni) told Econoff that President Morales is an enemy of the Beni, so there are no GOB aid projects for the region. They had come to La Paz to attend a meeting with Vice President Alvaro Garcia Linera and other organizations on land reform. According to Fegabeni, the meeting was a failure, with only about ten percent of the reform proposals agreed upon by those in attendance. They said that the GOB's land reform plan took away legal security from land owners, because the GOB would be able to review at any time, even after titling, if the land was being used in a socially or economically beneficial way. If the government determined that the land was not being used productively, the land would revert to the state. They are worried that the bill could create legal uncertainty over land title, which could lead to disinvestment, diminished production, and violent conflicts.

NGO in Favor of Reforms

15. (SBU) The General Manager of Fundacion Tierra (Land Foundation), Jaime Burgoa, told Econoff on November 6 that he was not sure why the government was pushing the INRA reform bill since the law currently in place already gives the government the legal basis that it needs to take over land that is not fulfilling an "economic and social function." Thus, the GOB is unnecessarily putting obstacles in its path, he said. He was also uncertain why the government had proposed a reform bill to congress, when it had initially said the matter would be settled by the Constituent Assembly. He speculated that the government had decided to confront its political rivals in the east -- landholders in Santa Cruz, Beni, and Pando -- sooner rather than later because it felt strong enough to win the fight and also wanted to maintain its popularity with its bases. Burgoa doubted that even if the land reform bill was passed, the government would have the institutional capacity to enforce it. He said that lack of enforcement and institutional capacity were the main problems with the current law. Because of a lack of resources, the National Agrarian Reform Institute, which was supposed to have completed the land titling process nationwide within ten years (by October 2006), failed in its mission. Its mandate was extended for another seven years in October.

16. (SBU) Although Burgoa admitted that some of the opposition worries were justified, he said that his NGO supported the government's intentions regarding land reform, which was needed to resolve social conflict, produce a more equitable distribution of scarce resources, and rectify past injustices, such as large tracts of land given unfairly to political cronies. However, he thought that some of the articles of the reform bill should be modified to improve their effectiveness. For example, he said, if the government were to compensate land owners for expropriated land, it should calculate the amount of compensation based on the land value used to calculate tax payments, which is low, rather

than the higher market value. He also suggested that the size of cattle estates be limited to 10,000 hectares rather than 50,000, that currently minimal land taxes be increased, and that the government create a new form of title that recognizes both the community and individual property rights of indigenous people rather than just one or the other, in accordance with the reality of indigenous areas. The NGO has also proposed that land owners regularly file land plans to be reviewed by the government to determine if land is fulfilling a social and economic function as required by the law.

Comment

[¶7.](#) (SBU) The passage of the land reform framework by the lower house, although the devilish details remain to be resolved and the law is likely to be blocked by the opposition-controlled senate, will further boost President Morales' popularity with the masses. However, the INRA law reform debate and reversion of privately-held lands to the state are likely to engender explosive conflicts and increase regional hostilities during the next several months. Post will continue to monitor the issue closely. End comment.
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